

BOSTON REDEVELOPMENT AUTHORITY

COMBINED FINANCIAL STATEMENTS
for the year ended June 30, 1985

Coopers & Lybrand

BOSTON REDEVELOPMENT AUTHORITY
COMBINED FINANCIAL STATEMENTS
for the year ended June 30, 1985

TABLE OF CONTENTS

	<u>Page(s)</u>
Report of Independent Certified Public Accountants	1
Combined Balance Sheet	2
Combined Statement of Revenues, Expenditures, Transfers and Changes in Fund Balances	3
Combined Statement of Revenues, Expenditures, Transfers and Changes in Fund Balances - Budget Versus Actual	4
Statement of Changes in Assets and Liabilities - Agency Funds	5
Notes to Combined Financial Statements	6-12

Coopers & Lybrand

Boston, Massachusetts
February 25, 1986

To the Board of Directors
Boston Redevelopment Authority:

We have examined the combined balance sheet of the Boston Redevelopment Authority as of June 30, 1985 and the related combined statements of revenues, expenditures, transfers and changes in fund balances and statement of changes in assets and liabilities of agency funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Boston Redevelopment Authority has not maintained records of the costs of its general fixed assets and, therefore, a Statement of General Fixed Assets is not presented in the accompanying combined financial statements as required by generally accepted accounting principles.

In our opinion, except as described in the second paragraph, the financial statements referred to above present fairly the financial position of the Boston Redevelopment Authority as of June 30, 1985 and the results of its operations and changes in fund balances and changes in agency funds for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boston, Massachusetts
February 25, 1986

Coopers & Lybrand

BOSTON REDEVELOPMENT AUTHORITY

COMBINED BALANCE SHEET

June 30, 1985

ASSETS	General Fund	Agency Funds	General Long-Term Obligations Group of Accounts	Project Funds	Interfund Eliminations	Combined Total (Memorandum Only)
Cash and interest bearing deposits	\$ 768,492	\$ 707,819		\$ 1,127,877		\$ 2,604,188
Investments (Notes C and E)	4,838,495	3,142,862		14,489,733		22,471,090
Accounts receivable (net of allowance for bad debts of \$31,962)		5,602				5,602
Billed amounts due from federal, state and city	1,343,590	121,918		1,318,303		2,783,811
Unbilled amounts due from federal, state and city	1,440,282	9,481		3,585,984		5,035,747
Due from other funds				4,856,532	\$4,856,532	2,197,188
Other assets (Note H)	93,062	310,416		1,793,710		1,894,256
Amounts to be provided for retirement of general long-term obligations			\$1,894,256			
Total assets	<u>\$8,483,921</u>	<u>\$4,298,098</u>	<u>\$1,894,256</u>	<u>\$27,172,139</u>	<u>\$4,856,532</u>	<u>\$36,991,882</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	813,689			1,006,339		813,689
Advances on contracts				1,980,420		1,006,339
Due to other funds	2,130,639	745,473		447,524	4,856,532	448,265
Retainage	3,200,213	82,725		1,069,099		4,352,037
Deposits (Note E)						1,894,256
Accrued vacation, sick leave and retirement costs (Notes I and J)			1,894,256			217,973
Accrued liabilities	217,973			3,052,300		3,052,300
Other (Note G)				1,601,495		1,601,495
Long-term Debt (Note H)	226,810	3,469,900		138,446		3,835,156
Due to designated entities						17,221,510
Total liabilities	6,590,065	4,298,098	1,894,256	9,295,623	4,856,532	
LIABILITIES AND FUND BALANCES						
Commitments and contingencies (Notes F and G)						
Fund balances:						
Designated for accrued vacation, sick leave and retirement costs	1,894,256			17,876,516		1,894,256
Designated for projects	(400)					17,876,516
Undesignated						(400)
Total fund balances	1,893,856			\$17,876,516		19,770,372
Total liabilities and fund balances	<u>\$8,483,921</u>	<u>\$4,298,098</u>	<u>\$1,894,256</u>	<u>\$27,172,139</u>	<u>\$4,856,532</u>	<u>\$36,991,882</u>

The accompanying notes are an integral part of the financial statements.

BOSTON REDEVELOPMENT AUTHORITY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, TRANSFERS
AND CHANGES IN FUND BALANCES

for the year ended June 30, 1985

	General Fund	Project Funds	Combined Total (Memorandum Only)
Revenues:			
Federal, state and city funding grants	\$5,173,651	\$ 6,761,468	\$11,935,119
Proceeds from disposition of development sites		2,661,170	2,661,170
Interest income	303,864	1,245,987	1,549,851
Other	446,107	363,466	809,573
Total revenues	5,923,622	11,032,091	16,955,713
Expenditures:			
Personnel	2,674,015	1,927,675	4,601,690
Fringe	1,101,129	550,832	1,651,961
Supplies and services	403,078	187,611	590,689
Contractual services	401,866	2,114,503	2,516,369
Capital outlays		4,503,920	4,503,920
Other	115,329	25,050	140,379
Total expenditures	4,695,417	9,309,591	14,005,008
Excess of revenues over expenditures	1,228,205	1,722,500	2,950,705
Operating transfers	(931,263)	931,263	
Excess of revenues over expenditures and operating transfers	296,942	2,653,763	2,950,705
Fund equity, June 30, 1984	1,596,914	15,222,753	16,819,667
Fund equity, June 30, 1985	\$1,893,856	\$17,876,516	\$19,770,372

The accompanying notes are an integral part of the financial statements.

BOSTON REDEVELOPMENT AUTHORITY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, TRANSFERS AND CHANGES IN
FUND BALANCES - BUDGET VERSUS ACTUAL

for the year ended June 30, 1985

	General Fund		Over (Under)	Project Funds		Over (Under)	Combined Total		Over (Under)
	Budget	Actual		Budget	Actual		Budget	Actual	
Revenues:									
Federal, state and city									
funding grants	\$4,536,300	\$5,173,651	\$ 637,351	\$11,952,100	\$ 6,761,468	\$(5,190,632)	\$16,488,400	\$11,935,119	\$(4,553,281)
Proceeds from disposition of									
development sites	100,000	303,864	203,864	3,470,000	2,661,170	(808,830)	3,470,000	2,661,170	(808,830)
Interest income	40,000	446,107	406,107	150,000	1,245,987	1,095,987	250,000	1,549,851	1,299,851
Other				-	363,466	363,466	40,000	809,573	769,573
Total revenues	4,676,300	5,923,622	1,247,322	15,572,100	11,032,091	(4,540,009)	20,248,400	16,955,713	(3,292,687)
Expenditures:									
Personnel	2,580,700	2,674,015	93,315	1,335,500	1,927,675	(7,825)	4,516,200	4,601,690	85,490
Fringe	794,400	1,101,129	306,729	570,200	550,832	(19,368)	1,364,600	1,651,961	287,361
Supplies and services	1,161,200	403,078	(758,122)	99,400	187,611	88,211	1,260,600	590,689	(669,911)
Contractual services	-	401,866	401,866	2,269,600	2,114,503	(155,097)	2,269,600	2,516,369	246,769
Capital outlays	-	-	-	7,184,900	4,503,920	(2,680,980)	7,184,900	4,503,920	(2,680,980)
Other	140,000	115,329	(24,671)	100,000	25,050	(74,950)	240,000	140,379	(99,621)
Total expenditures	4,676,300	4,695,417	19,117	12,159,600	9,309,591	(2,850,009)	16,835,900	14,005,008	(2,830,892)
Excess of revenues over expenditures	-	1,228,205	1,228,205	3,412,500	1,722,500	(1,690,000)	3,412,500	2,950,705	(461,795)
Operating transfers	-	(931,263)	(931,263)	-	931,263	931,263	-	-	-
Excess of revenues over expenditures and operating transfers	-	296,942	\$296,942	\$3,412,500	2,653,763	\$(758,737)	\$ 3,412,500	2,950,705	\$(461,795)
Fund equity, June 30, 1984		1,596,914			15,222,753			16,819,667	
Fund equity, June 30, 1985		\$1,893,856			\$17,876,516			\$19,770,372	

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

for the year ended June 30, 1985

	Balance June 30, 1984	Additions	Deductions	Balance June 30, 1985
ASSETS				
Cash	\$1,200,428	\$ 139,547	\$ 632,156	\$ 707,819
Investments	2,269,295	4,675,971	3,802,404	3,142,862
Accounts Receivable	135,310	1,285,725	1,415,433	5,602
Billed amounts due from federal, state and city	12,494	185,674	76,250	121,918
Unbilled accounts due from federal, state and city	-	9,481	-	9,481
Other assets	172,884	310,416	172,884	310,416
Total assets	3,790,411	6,606,814	6,099,127	4,298,098
LIABILITIES				
Due to other funds	623,169	122,304	-	745,473
Retainage	5,926	4,304	10,230	-
Deposits	75,920	83,214	76,409	82,725
Due to designated entities	3,085,396	1,072,821	688,317	3,469,900
Total liabilities	\$3,790,411	\$1,282,643	\$ 774,956	\$4,298,098

The accompanying notes are an integral part of the financial statements.

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS

A. The Authority:

The Boston Redevelopment Authority (the "Authority") was established in 1958 pursuant to Chapter 121B, as amended, of the General Laws of Massachusetts to administer community development projects and to function as the planning agency of the City of Boston (the "City"). The Authority is governed by a five-member Board of Directors appointed for terms of five years.

The Authority is presently engaged in approximately 60 separate community development projects.

B. Summary of Significant Accounting Policies:

A summary of significant accounting policies employed in preparation of the combined financial statements follows.

Fund Accounting

Financial activities are recorded in the funds described below, each of which is deemed to be a separate accounting entity. The financial affairs and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses.

General Fund

Transactions accounted for in the General Fund relate to revenues and expenditures not specifically restricted to development projects under terms of grant agreements or under restrictive terms of City of Boston capital borrowings. Planning funds received from the City and through grants are accounted for in the General Fund. The Authority has designated its General Fund balance to reflect the amount which must be funded in future years for accrued vacation, sick leave and retirement costs.

Project Funds

Transactions accounted for in the Project Funds relate to resources obtained and used for specific identifiable development activities classified as projects. Individual projects may receive funding from several sources including federal and state grants, City of Boston capital funds, other contracts, disposition proceeds and rental income. The Authority separately accounts for the revenues and expenditures under each funding source. For financial reporting purposes, projects have been combined and presented under a single heading.

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

Agency Funds

Resources received and held by the Authority as an agent for other entities are accounted for in Agency Funds. The resources include property management revenues and disposition proceeds which, in accordance with various agreements, must be paid to designated entities after deducting applicable expenses. Disposition proceeds are initially accounted for in the Project Funds and are transferred to the Agency Funds when the account payable, if any, to the designated entity is determined. In addition, certain UDAG agreements require the grant recipient to issue notes to the Authority which, in turn, must remit the payments to the City to be used for neighborhood development. These notes receivable are not presented in the financial statements. The receipts and subsequent disbursements to the City are recorded in Agency Funds. At June 30, 1985, the notes receivable are as follows:

Copley Place - U.D.A.G.	\$6,255,797
North End Community Development - U.D.A.G.	385,770
Teradyne - U.D.A.G.	4,500,000
Westland Ave. - U.D.A.G.	325,000

General Long-Term Obligations Group of Accounts

Unmatured long-term obligations of the Authority are accounted for in the General Long-Term Obligations Group of Accounts.

Basis of Accounting

The accounts of the Authority are maintained and reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations during the year. Interest income is recorded as earned. Rents are recorded as revenues as earned. Revenues from federal and state reimbursement type grants and City of Boston capital borrowings are recorded at the earlier of receipt or when the related eligible expenditures are incurred. Expenditures are recognized when obligations are incurred from receipt of goods and services.

Continued

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

Property

The Authority is the owner of numerous properties within the City of Boston. The accompanying financial statements do not include a general fixed asset group of accounts. Generally, properties are acquired in connection with specified renewal projects and, accordingly, the costs associated with the acquisition of properties are expensed as incurred. Use of the proceeds from the rental and ultimate disposition of the properties are restricted to allowable project costs, or they must be returned to the funding agency or the City. Expenditures for office equipment are expensed as incurred.

Vacation and Sick Pay

Employees earn vacations and sick leave as they provide services. They may accumulate (subject to certain limitations) unused vacation and sick leave earned and, upon retirement, termination or death may be compensated for accumulated unused vacation equal to twice their current allowable vacation. Sick leave accumulates at the rate of 1 1/4 days for each calendar month with no maximum limit. Upon termination, employees with fifteen or more years of service may receive in cash a portion of their accrued but unused sick leave in accordance with an established formula. In accordance with NCGA Statement 4, accumulated benefits which will not be liquidated with expendable available financial resources are recorded in the General Long-Term Obligations Group of Accounts.

Retirement Costs

Substantially all employees participate in the contributory State-Boston Retirement System. In accordance with the Laws of The Commonwealth of Massachusetts, retirement costs are funded on a "pay-as-you-go" basis (estimated retirement benefits to be paid in excess of employees' contributions and earnings thereon). The Authority is annually assessed its proportionate share of the retirement costs of the State Boston Retirement System by the City of Boston. Pension expense is provided for in the financial statements based upon an actuarial determination that includes amortization of unfunded benefits. (See Note I.)

Continued

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

Unbilled Accounts Receivable

Unbilled accounts receivable arise from certain Authority activities. Unbilled receivables are recorded for expenses incurred which are reimbursable under specific grants and not yet billed. Retainage withheld from payments on construction and engineering contracts are not reimbursable by grant funding sources until paid and, therefore, these amounts are recorded as unbilled receivables. Liabilities for land taking are recorded when they become estimable and, if reimbursable under grants, unbilled receivables are recorded. Unbilled accounts receivables may not be billed and collected within one year.

C. Investments:

The Authority holds in investments: funds received in connection with close-out agreements with the U.S. Housing and Urban Development Department, deposits placed with the Authority by developers (see Note E), and funds required to be held in investments under contractual agreements. Investments as of June 30, 1985 consist of:

<u>Type</u>	<u>Carrying Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
Daily Money Market	\$6,460,650		
Certificates of Deposit	7,230,438	7.1% to 9%	7/22/85 to 3/9/87
U.S. Government and Agency Issues	1,848,772	12.8%	9/19/85 to 5/15/02
Corporate Debt Securities	5,971,843	8.5% to 9.7%	7/10/85 to 2/3/86
Commercial Paper	959,387		7/15/85
	<u>\$22,471,090</u>		

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

D. Related Party Transactions:

City of Boston

During the year ended June 30, 1985, the City provided resources of approximately \$11.4 million to the BRA, as follows:

	<u>1985</u> (in thousands)
Urban Development Action Grants (UDAG)	\$ 2,867
City planning appropriations	4,536
City capital appropriations	2,861
Community Development Block Grants (CDBG)	1,126
City public works and other	<u>26</u>
	<u>\$11,416</u>

The City of Boston also provides office facilities to the Authority at no charge.

E. Deposits:

A portion of the investments held in the General Fund at June 30, 1985 relate to development deposits placed with the Authority in connection with specific capital projects or development properties. Such deposits are generally subject to escrow agreements and, accordingly, have been credited to the deposit account on the balance sheet.

F. Commitments:

At June 30, 1985, the Authority was committed under construction contracts for various funded projects in the aggregate amount of \$5,624,696.

G. Contingencies:

The BRA is involved in numerous lawsuits arising in the ordinary course of operations, including actions commenced and claims asserted against it for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. In addition, the BRA receives significant

Continued

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

financial assistance from various federal, state and city agencies in the form of grants and entitlements. Expenditure of funds under these programs generally requires compliance with terms and conditions specified in the related agreements and regulations and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. The Authority believes no material liability will result from these audits.

Based on information supplied by the Authority's Counsel, the accompanying financial statements include estimates of probable future liabilities relating to the aforementioned lawsuits and if such liabilities are reimbursable under terms of grant agreements unbilled accounts receivable have also been recorded.

H. Other Assets:

In connection with the Charlestown Navy Yard redevelopment project, the Authority was advanced \$1,740,000 by the developer to fund the acquisition of certain property in return for a note collateralized by a mortgage on the acquired property. The note will be repaid by the transfer of the property to the developer as the developer completes certain specified property improvements. At June 30, 1985, the net amount was \$1,601,495.

I. Changes in General Long-Term Obligations Group of Accounts:

Net changes in the General Long-Term Obligations Group of Accounts for the year ended June 30, 1985 are as follows:

Decrease in accrued vacation and sick leave	\$(884,998)
Provision for accrued retirements costs in excess of amount to be funded currently	<u>300,412</u>
	<u>\$(584,586)</u>

The decrease in accrued vacation and sick leave principally results from a change in determining such amounts.

Continued

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

J. Retirement Costs:

The provision for costs associated with the Authority's participation in the State-Boston Retirement System for the year ended June 30, 1985 amounted to \$1,516,000, which includes amortization over forty years of The Authority's unfunded actuarial accrued liability. The Authority makes annual contributions based upon a "pay-as-you-go" assessment. Following is a comparison of accumulated plan benefits and plan net assets as of June 30, 1985:

Actuarial present value of accumulated
plan benefits:

Vested	\$10,042,300
Non-vested	<u>377,200</u>
	<u>\$10,419,500</u>
Net assets available for plan benefits	<u>\$ 4,204,850</u>

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 10%.

